



## UNITED STATES MARINE CORPS

MARINE CORPS AIR BASES WESTERN AREA MCAS MIRAMAR  
P O BOX 452001 SAN DIEGO CA 92145-2001

ABO 7540.2C

COMPT

25 SEP 2002

### AIR BASES ORDER 7540.2C

From: Commander  
To: Distribution List  
Subj: INTERNAL REVIEW PROGRAM

Ref: (a) MCO 7540.2D  
(b) MCO 7510.3E  
(c) MCO 5200.24C  
(d) MCO 5040.6F  
(e) MCO 7510.2E

1. Purpose. To establish guidance for the Internal Review Program and implement the policies prescribed in reference (a) for evaluations of Command appropriated fund (APF) resources and nonappropriated fund instrumentalities (NAFIs).

2. Cancellation. ABO 7540.2B.

3. Information

a. Organization and Control. The Internal Review organizational entity is established as a separate branch under cognizance of the Marine Corps Air Bases Western Area/Marine Corps Air Station (MCABWA/MCAS) Miramar, Assistant Chief of Staff (AC/S), G-8, Business Practices Division and the Station Comptroller of MCAS Yuma, Business Performance Office. MCAS Miramar also provides lead-activity support services to MCAS Camp Pendleton, as required. Positions/billets for Internal Review are contained in the AC/S G-8, Business Practices Division and MCAS Yuma's, Business Performance Office Tables of Organization (T/Os).

b. Policy

(1) General. The Internal Review function is established to provide each Command with an independent appraisal by evaluating the economy, efficiency, effectiveness and integrity of operations, including but not limited to financial resources.

(2) Functions. As a part of Internal Review, the following functions will be performed:

25 SEP 2002

(a) Evaluation and analysis of local financial and resource management issues and problems, as directed by the AC/S, G-8, MCABWA/MCAS Miramar, Business Practices Division or Station Comptroller, MCAS Yuma, Business Performance Office as applicable. Reviews and analyses external to the Comptroller's Office will normally be non-audit resource-related (i.e., involving economy, efficiency, effective utilization or potential waste and abuse of APF or NAF Resources).

(b) External audit focal point, as described in reference (b). This includes audit liaison and coordination, audit response and audit follow-up (both tracking and on-site verification) for all audit agencies external to the Command.

(c) Command coordinator for the Management Control Program. In accordance with reference (c), the actual performance of required reviews for the management control process is the responsibility of line management at the unit commander/department head level of each air station; not the Internal Review entity of this headquarters nor the MCABWA Air Stations.

### (3) Scope

(a) Internal Review's overall goal is to maintain the integrity of financial operations by ensuring command compliance with all applicable laws, regulations and policies. Assessments, evaluations, and analyses may range from a cursory look to an in-depth review. Internal Review is also a part of this Command's internal control system by providing insight into the efficiency of the Command's performance of its mission and functions and detecting the potential for, or existence of, fraud, waste, illegal acts, or mismanagement. Any management/personnel identified concerns should be reported to the Business Practices Officer via the AC/S, G-8, MCABWA/MCAS Miramar, Business Practices Division or Station Comptroller, MCAS Yuma, Business Performance Office.

(b) Evaluations, assessments, and analyses of local financial and resources management issues can be made in any operational or functional area, as directed or requested, and can cross organizational lines within each command.

(c) Internal Review personnel do not have the authority to make or order changes in activity operations or procedures. Their findings and recommendations for corrective action must be evaluated by management to determine the merits of each and the action which should be taken.

25 SEP 2002

(4) Responsibilities(a) Conducting Evaluations, Assessments, and Analyses

1 An entrance conference shall be scheduled with the appropriate unit/department head to explain the purpose, scope, and estimated duration of a review. Exceptions to this policy are authorized where the evaluation requires an element of surprise, such as surprise cash counts and inventory procedures.

2 An independent examination of functions will be evaluated to assess the efficiency and economy of operations, and to provide recommendations to correct conditions which adversely impact on mission accomplishment, command integrity or economical use of command resources.

3 Personnel responsible for a particular area under review will be kept fully informed of the review's progress and given the opportunity to comment on findings as they are developed. Exceptions to this policy are authorized in instances where possible fraud, misappropriation of funds or resources, suspected criminal actions or other requirements for confidentiality are indicated. Exceptions will be promptly reported to the Commanding General/Commanding Officer via the AC/S G-8, MCABWA/MCAS Miramar, Business Practices Division or Station Comptroller, MCAS Yuma, Business Performance Office as applicable, for guidance.

4 An exit conference will be held with cognizant department heads/unit commanders to discuss discrepancies and inform them of the contents of the review report.

(b) Reports

1 Upon conclusion of the field work, the Business Practices Officer will issue a report of discrepancies and recommend corrective actions to the Commander, MCABWA or activity commander, as applicable via the reviewed division or department head or unit commander. If required by the Business Practices Officer, reviewed activities will respond to the report by endorsement within the time frame stated and provide target dates for completing corrective action on all recommendations of the report that are concurred with. Recommendations that are not concurred with must be justified in detail. If extenuating circumstances prevent an activity from meeting a response deadline, a request for an extension to the due date, including a revised completion date, will be forwarded to the Business Practices Officer at MCAS Miramar or the Business Performance Office at MCAS Yuma, as applicable.

25 SEP 2002

2 When corrective action to a recommendation has been completed, departments will forward tangible evidence of completion to the Business Practices Officer when requested. Tangible evidence can be in the form of completed work requests, revised directives, or a statement of completed action when it is not feasible to provide other evidence.

3 The Business Practices Officer will issue a final report to the Commander, MCABWA or activity commander, as applicable, explaining the scope and objectives of the evaluation, assessment, or analysis. The report will provide the commander with an unbiased and independent evaluation of management of operations, including management's responses. If there are any unresolved findings and recommendations in the final report, the AC/S G-8, or activity Comptroller, as applicable, will evaluate the various views on the unresolved issues and make endorsement recommendations to the applicable Commander for final decision whether to drop the recommendation or require acceptance/compliance.

(c) Follow-up Reviews

1 A formal follow-up system will be maintained to ensure that accepted deficiencies noted in both Internal Review reports and external audit reports are corrected within a reasonable period of time.

2 The Business Practices Officer will maintain sufficient filed documentation to ensure that corrective action on review deficiencies has been taken.

(d) Liaison with External Agencies

1 The Business Practices Officer serves as the central point of contact to coordinate matters pertaining to various external audits, inspections, and reviews via the appropriate Comptroller. These agencies may include, but are not limited to, the General Accounting Office (GAO), the DOD Inspector General (Audit), Naval Audit Service and Marine Corps NonAppropriated Fund Audit Service (MCNAFAS).

25 SEP 2002

2 The Business Practices Officer will attend all entrance/closing briefings and will receive and distribute reports of findings to cognizant MCABWA or activity staff officers for comments and action. The formal response will be coordinated through the Business Practices Officer who will ensure that responses are made timely and adequately.

3 The Business Practices Officer will schedule the conduct of follow-up reviews on external audit agency reports, to include inspections conducted by the Marine Corps Administrative Analysis Team.

4 The MCABWA Inspector, as described in reference (d) will coordinate the inspection of areas requiring special handling, scheduling and inspection procedures.

(5) Relationship to Activities Evaluated

(a) Since complete objectivity is essential to the evaluation and analysis function, Internal Review personnel shall not develop and install procedures, prepare records, or engage in any other functional activity, which they normally will be expected to review or appraise. Exceptions may be made on a case-by-case basis at the discretion of the command, through the applicable Comptroller.

(b) Employment of Internal Review personnel in any activity subject to examination by the Internal Review is not acceptable. Internal Review personnel will not be responsible for the collection, handling, or custody of appropriated or nonappropriated funds or property.

(c) Access to all personnel files, books, accounts, and records necessary to carry out assigned examinations will be afforded Internal Review personnel. This includes, but is not limited to, inspections and investigative reports, efficiency reviews, commercial activities studies, and related records.

(d) The applicable Comptroller will immediately apprise the MCABWA Inspector of suspected irregularities, such as fraud, bribery, forgery or theft of government funds or property found, during the examination of records.



25 SEP 2002

4. Action

a. Activity commanders, unit commanders and department heads

(1) Provide full support and cooperation to members of the Internal Review staff during an assignment.

(2) Respond to Internal Review reports within the established time frames.

(3) Initiate immediate corrective action on concurred with deficiencies noted in internal or external reports.

(4) Exercise caution before agreeing that savings established by external audits are genuine and verifiable. The Auditor General of the Navy's stated policy concerning monetary savings, which result from Naval Audit Service recommendations, is to recommend to the Comptroller of the Navy that the savings be withdrawn from the audited installation.

(5) Recommend areas of concern, when identified, for review consideration by which the Internal Review staff can provide independent and objective assistance.

b. Business Practices Officer

(1) Conduct evaluations, assessments, and analyses and report the results to the Commander, MCABWA or activity commander, as applicable.

(2) Serve as the central point of contact for external audits, surveys, and investigations.

(3) Conduct follow-up reviews in accordance with the provisions of reference (b).

(4) Coordinate and oversee the Management Control Program in accordance with reference (c).

25 SEP 2002

(5) Avoid, when possible, the duplication of effort by Internal Review personnel in reviewing areas that are scheduled for audit/review by audit agencies external to the command or inspections conducted under the Marine Corps Inspection Program, reference (d) or MCNAFAS audits conducted in accordance with reference (e).



G. L. GOODMAN  
Chief of Staff

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**UNITED STATES MARINE CORPS**

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P O BOX 452001 SAN DIEGO CA 92145-2001

ABO 7540.2C Ch 1

G-8

**8 JUL 2003**

AIR BASES ORDER 7540.2C Ch 1

From: Commander

To: Distribution List

Subj: INTERNAL REVIEW PROGRAM

1. Purpose. To direct pen changes to the basic Order.
2. Action. On the letterhead page, reference (d) change MCO 5040.6F to read "MCO 5040.6G."
3. Filing Instructions. File this Change Transmittal directly behind the signature page of the basic Order.

G. L. GOODMAN  
Chief of Staff

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